
DESANCTIS INSURANCE AGENCY, INC.

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To Our Valued Clients:

May 2, 2016

Massachusetts Worker's Compensation Rate Change

Effective July 1, 2016

The Commissioner of Insurance has approved a revision of workers' compensation rates, effective July 1, 2016, applicable to policies that are new or renew on or after that date. The most important items include:

1. RATE LEVEL INCREASE OF 1.5%
The overall average increase of 1.5% in the existing workers' compensation average rates will vary by class. Revised Massachusetts manual rates for the most common construction classifications are enclosed.
2. EXPERIENCE RATING PLAN CHANGES
The Experience Rating Plan Expected Loss Rates, D-Ratios, Weight and Ballast Tables, State Per Claim Accident Limitation and the State Multiple Claim Accident Limitation will be revised.
3. USL&HW ACT COVERAGE PERCENTAGE APPLICABLE TO NON-F CLASSIFICATIONS
The loading percentage applicable to USL&HW has been reduced from 25.4% to 23.1%. (Multiply a Non-F classification rate by a factor of 1.231 to determine the total rate) Note, you must have USL&HW coverage added to your Workers Compensation policy by separate endorsement for coverage to apply.
6. SMALL DEDUCTIBLE CREDITS
The premium credits applicable to the election of small deductibles under either the Massachusetts Benefits Deductible Program or the Massachusetts Benefits Claim and Aggregate Deductible Program have been reduced by roughly ½ of a percentage point on average.
7. PAYROLL CAPS
Executive Officer Individual Payroll Limitations of \$200 per week Minimum, and \$1,000 per week Maximum, will be revised with the Statewide Average Weekly Wage (SAWW) effective October 1, 2016 and annually thereafter. The limitations will change to reflect the observed % change in the SAWW over the previous year's SAWW. There will be an announcement of the change at that time, which will apply to policies that are new or renew on or after 10/1/16.

NO CHANGES IN THE FOLLOWING:

- A. Expense Constants
- B. Loss Constants
- C. Admiralty Law and Federal Employers' Liability Act classifications
- D. Merit Rating Program
- E. Massachusetts Construction Classification Premium Adjustment Program ("MCCPAP")
- F. Premium Discount Tables A and B

Experience ratings and ARAP factors (including replacement of preliminary experience ratings and ARAP factors) effective July 1, 2016 and subsequent will be issued in due course using the new rating values.

MCCPAP Factors effective July 1, 2016 and subsequent will be revised in due course using the revised experience rating offset.

Please let us know if you have any questions.

Very truly yours,

To:

Re: ,

Eff: to

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DeSanctis Insurance Agency, Inc.